

Message Text

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 EB-03 OMB-01 TRSE-00 NSC-05

NSCE-00 INR-05 CIAE-00 SP-02 IGA-01 L-01 INRE-00

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----- 104964

O 202000Z SEP 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 3412

INFO AMEMBASSY BRIDGETOWN IMMEDIATE

C O N F I D E N T I A L SECTION 1 OF 3 GEORGETOWN 1862

LIMDIS

BRIDGETOWN FOR WILLIAM WHEELER

E.O. 11652: GDS

TAGS: EAID, GY

SUBJECT: PENDING AID LOANS: COUNTRY TEAM ASSESSMENT

REF: (A) STATE 223208, (B) GEORGETOWN 1744

1. PROBLEM: TWO PENDING AID DEVELOPMENT LOANS, ONE IN THE AMOUNT OF DOLS 3.5 MILLION FOR FOOD CROP PRODUCTION AND THE OTHER FOR PUBLIC SECTOR TRAINING OF DOLS 1 MILLION, HAVE BEEN DELAYED BY THE U.S. FOR NEARLY A YEAR. THE DELAYS IN PROCEEDING WITH THE LOANS WERE TRIGGERED BY GUYANA'S VOTE ON ISSUES AT THE UNGA LAST YEAR, HER RECOGNITION OF THE MPLA REGIME AND ENDORSEMENT OF THE CUBAN ROLE IN ANGOLA. THESE ACTIONS BY GUYANA WERE INTERPRETED AS EVIDENCE OF HOSTILITY TOWARD THE U.S. THE DECISION TO DELAY THE LOANS WAS INTENDED TO BE A SIGNAL THAT OPPOSITION TO THE U.S. ON MULTILATERAL ISSUES IS NOT COSTLESS.

2. RECOMMENDATION: THE COUNTRY TEAM STRONGLY RECOMMENDS THAT THE U.S. SHOULD PROCEED IMMEDIATELY WITH THE IMPLEMENTATION OF THE TWO LOANS.

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3. BEGIN SUMMARY: THIS RECOMMENDATION IS BASED UPON ANALYSIS OF

THE CIRCUMSTANCES WHICH LED TO DELAYS IN THE LOANS, THE GUYANESE REACTION TO THE DELAYS AND THE GOG'S RECENT MORE POSITIVE BEHAVIOR. THIS ANALYSIS LEADS US TO THE CONCLUSION THAT U.S. FOREIGN POLICY OBJECTIVES WILL BE SERVED BY PROCEEDING WITH THE LOANS. WE HAVE MADE CLEAR FOR GUYANA AND OTHERS THAT NATIONS WHICH REGULARLY VOTE CONTRARY TO THE U.S. ON KEY ISSUES AT THE UNGA PLACE IN JEOPARDY ANY ECONOMIC ASSISTANCE THEY MAY RECEIVE FROM THE U.S. WHILE IT COULD BE ARGUED THAT THE DECISION TO DELAY THE LOANS PROVOKED FOR THE FIRST SIX MONTHS OF 1976 A MORE RATHER THAN LESS HOSTILE REACTION FROM GUYANA, DURING RECENT MONTHS THIS HOSTILITY HAS ABATED, AND THE GOG HAS SHOWN SIGNS OF DESIRING TO IMPROVE RELATIONS WITH THE U.S. ANNOUNCEMENT OF THE LOANS AT THIS TIME WOULD GIVE IMPETUS TO IMPROVING THE RELATIONSHIP. ALTHOUGH IT MIGHT BE DIFFICULT, WE BELIEVE THAT ANNOUNCEMENT OF THE LOANS PRIOR TO OR COINCIDENT WITH ARRIVAL OF SOVIET ECONOMIC MISSION SEPTEMBER 27 WOULD HAVE MAXIMUM FAVORABLE IMPACT FOR U.S. IMPLEMENTATION OF THE LOANS WOULD:

A. REDUCE PRESSURES ON GOG TO PAY THE POLITICAL PRICE NECESSARY TO RECEIVE LARGE-SCALE LOANS FROM COMMUNIST COUNTRIES.

B. REDUCE PRESSURES ON GOG TO SEEK ALTERNATIVE MARKETS IN SOCIALIST AND COMMUNIST COUNTRIES FOR ITS BAUXITE AND SUGAR, AND ENCOURAGE GUYANA TO LOOK TO THE U.S. FOR ITS IMPORTS OF HEAVY INDUSTRIAL EQUIPMENT;

C. BOLSTER THE CREDIBILITY AND INFLUENCE OF PRO-U.S. ELEMENTS IN THE GOG AND SIMULTANEOUSLY DISCREDIT THE ARGUMENTS OF ANTI-U.S. OFFICIALS WHO HAVE INSISTED THAT U.S. COULD NOT BE EXPECTED TO ASSIST A SOCIALIST GUYANA;

D. IMMEDIATELY AND DRAMATICALLY REDUCE VESTIGES OF "DESTABILIZATION" FEARS, WHICH, AMONG OTHER THINGS, HAVE MOTIVATED GUYANA TO SEEK SECURITY, POLITICAL AND PROPAGANDA SUPPORT FROM MON-ALIGNED, SOCIALIST AND COMMUNIST COUNTRIES;

E. CONTRIBUTE TO ACCEPTANCE IN GUYANA AND ELSEWHERE OF BONA-FIDES OF U.S. COMMITMENT TO ACCEPT DIVERSITY IN GOVTS AND SPECIFICALLY SEEK CORDIAL RELATIONS WITH NON-ALIGNED SOCIALIST COUNTRIES;

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F. BY PROCEEDING WITH FOOD CROPS LOAN THE U.S. WILL ASSOCIATE ITSELF WITH A PROGRAM WHICH HAS HUMANITARIAN NATURE DUE TO RECENT CROP FAILURES. THUS U.S. CANNOT BUT RECEIVE FAVORABLE PUBLIC AS WELL AS OFFICIAL RESPONSE TO ITS ASSISTANCE IN FOOD PRODUCTION;

G. PROVIDE EXPOSURE OF GOG PUBLIC SERVANTS TO U.S. TRAINING PROGRAMS;

H. REMOVE THE STIGMA FOR U.S. OF RENEGING ON LOANS THAT GOG
AND U.S. WORKED ON FOR TWO YEARS; AND

I. FINALLY, IF WE ARE THINKING IN TERMS OF THE "STICK AND
CARROT" APPROACH, THERE IS NO QUESTION THAT WITH OUR NINE-MONTH
DELAY OF A NEEDED PROGRAM, WE HAVE MADE CLEAR WE CAN METE OUT
PUNISHMENT. NOW THAT GUYANA APPEARS TO BE TAKING A MORE
MODERATE LINE TOWARD THE U.S; IT WOULD BE APPROPRIATE TO APPROVE THE
LOANS. END SUMMARY.

4. DISCUSSION OF ANALYSIS AND RECOMMENDATION.

A. GUYANESE ATTITUDE ON VOTES AT UN. GOG LEADERS REGARD THEIR
POSITIONS ON UN ISSUES NOT AS REPRESENTING HOSTILITY TOWARD
THE U.S; BUT AS BEING THE RESULT OF A COMPLEX SET OF POLITICAL
FACTORS, INTERNAL AND EXTERNAL. INCLUDED ARE THE DYNAMICS AND
POLITICS OF NON-ALIGNMENT AND GUYANA'S NEED FOR (CONTINUED..)

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INFO OCT-01 SS-14 ISO-00 EB-03 OMB-01 TRSE-00 NSC-05

NSCE-00 INR-05 CIAE-00 SP-02 IGA-01 L-01 INRE-00

SSO-00 /039 W

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O 202000Z SEP 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 3413

INFO AMEMBASSY BRIDGETOWN IMMEDIATE

C O N F I D E N T I A L SECTION 2 OF 3 GEORGETOWN 1862

LIMDIS

BRIDGETOWN FOR WILLIAM WHEELER

REF: (A) STATE 223208, (B) GEORGETOWN 1744

ECONOMIC ASSISTANCE AND POLITICAL AND SECURITY SUPPORT. STRONG

RACIAL FEELING AMONG GOG LEADERS AND IN THEIR BLACK CONSTITUENCY DICTATE THAT THEY FULLY BACK SOUTHERN AFRICAN LIBERATION MOVEMENTS AND SIDE WITH POSITIONS TAKEN BY OAU. THUS THE ENTRY OF SOUTH AFRICAN TROOPS INTO ANGOLA MOTIVATED GUYANA'S SUPPORT FOR THE OPPOSING SIDE AND HER ENDORSEMENT OF THE CUBAN ROLE-- EVEN THOUGH PREVIOUSLY SAVIMBI HAD BEEN THEIR FAVORED ANGOLAN LEADER. OPPOSITION TO THE U.S. PER SE OR CONSIDERATIONS OF GREAT POWER RIVALRY WERE NOT THE DETERMINANTS OF GUYANESE POLICY ON ANGOLA.

B. ALTHOUGH SOME OF THE U.S. FRIENDS IN THE GOG UNDERSTOOD AND TOOK AT FACE VALUE THE REASONS GIVEN BY THE U.S. FOR THE DELAY IN THE LOANS, OTHER OFFICIALS, MORE SUSPICIOUS, ATTRIBUTED THE DELAYS IN THE LOANS TO AN OVERALL AND SYSTEMATIC USG HOSTILITY TOWARD GUYANA DUE TO GOG DECISION TO NATIONALIZE MAJOR FOREIGN FIRMS AND CREATE A SOCIALIST ECONOMY. THEY HAVE ALLEGED THAT THE U.S. DECISION WAS PART OF AN OVERALL CAMPAIGN OF "DESTABILIZATION" CONDUCTED AGAINST GUYANA.
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C. BURNHAM UNDOUBTEDLY EXPLOITED THE "DESTABILIZATION" FEARS FOR POLITICAL REASONS OF HIS OWN. SUSPICION PREVAILS, HOWEVER, EVEN AMONG TOP GOG LEADERS FRIENDLY TOWARD THE U.S.; THAT THE U.S. MIGHT ACTUALLY BE CARRYING OUT DESTABILIZATION. THE CUBANS, AND PERHAPS THE SOVIETS, HAVE FANNED THESE SUSPICIONS.

D. FORTUNATELY, IN RECENT MONTHS THE ABSENCE OF ANY CONFIRMATION OF DESTABILIZATION ALLEGATIONS HAS CAUSED U.S. DENIALS OF SUCH ATTEMPTS TO BE RECEIVED WITH SOME CREDENCE. THE COUNTRY TEAM HAS CONSISTENTLY REPEATED TO GUYANESE OFFICIALS THAT GUYANA'S POSITION ON MULTILATERAL ISSUES AND APPARENT ALIGNMENT WITH THE SOVIET UNION AND CUBA. NOT HER DECISION TO DEVELOP A SOCIALIST ECONOMY, HAD PROVOKED THE IRE OF THE U.S. WE HAVE MADE PROGRESS IN PUTTING THIS IDEA ACROSS.

E. EVEN EARLY IN THE YEAR DURING THE HEIGHT OF MUTUAL TENSION AND SUSPICION BETWEEN GUYANA AND THE U.S.; THE GOG GAVE ASSURANCES THAT GUYANA WOULD NOT BECOME A CUBAN BRIDGEHEAD FOR AGGRESSIVE PURPOSES AGAINST NATIONS IN THIS HEMISPHERE. MORE RECENTLY, PRIME MINISTER BURNHAM TOLD THE U.S. CHARGE THAT HE HAD NO INTENTION OF BECOMING AN ALLY OF THE SOVIET UNION. WE BELIEVE BURNHAM DOES NOT INTEND TO BECOME OVERLY DEPENDENT UPON ANY GREAT POWER OR CUBA.

F. RECENT BEHAVIOR AT NASC AND UN. GUYANA'S PERFORMANCE AT THE RECENT NASC IN COLOMBO WAS LOW-KEY. GUYANA AVOIDED DIRECT CRITICISM OF THE U.S. AND BURNHAM'S NASC SPEECH (REF B) WAS ALMOST DULL. SHE DID NOT PARTICIPATE IN ATTACKS ON THE U.S. ALTHOUGH SHE OBTAINED ENDORSEMENT OF A RESOLUTION ON THE SECURITY OF SMALL STATES AND WILL ATTEMPT TO INCLUDE THIS IN A UN RESOLUTION, HER EFFORTS APPEAR DESIGNED TO DEFINE DESTABILIZATION

AND ESTABLISH A UN FRAMEWORK FOR OPPOSING IT SHOULD IT HAPPEN.
ON KEY UNGA ISSUES, FONMIN WILLS HAS INDICATED HE WILL SEEK
NEGOTIATION RATHER THAN CONFRONTATION.

G. RECENTLY A CERTAIN COOLING IN GUYANA'S RELATIONS WITH THE
CUBANS AND SOVIETS HAS OCCURRED. BURNHAM AND FONMIN WILLS ARE
BECOMING AWARE OF THE CUBAN EFFORTS TO CREATE SUSPICION OF THE U.S.
MORE IMPORTANTLY, BURNHAM RETAINS SUSPICIONS OF THE SOVIETS AND
THE CUBANS. HE IS AWARE THAT CHEDDI JAGAN IS STILL THE SOVIETS'
FAVORITE AND SUSPECTS THAT, IF GIVEN A CHANCE, THE LATTER WOULD
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SEEK TO REPLACE HIM WITH JAGAN. ALSO BURNHAM APPEARS TO HAVE BEEN
LOSING HOPE THAT THE SOVIET UNION WILL PROVIDE LARGE-SCALE
DEVELOPMENT ASSISTANCE UNLESS GUYANA BECOMES "NON-ALIGNED" IN THE
MANNER THAT CUBA IS NON-ALIGNED.

H. WE BELIEVE GOG LEADERS PERCEIVE THAT WESTERN FINANCIAL
INSTITUTIONS ARE THE MAIN SOURCES OF DEVELOPMENT CAPITAL.
BURNHAM, COMMITTED TO THE DEVELOPMENT OF HIS PEOPLE AS WELL AS
BEING OPPORTUNISTIC AND PRAGMATIC, CAN SEE THAT PROLONGED ALIE-
NATION FROM THE UNITED STATES WILL NOT SERVE THE ECONOMIC INTERESTS
OF HIS COUNTRY. AN OPPORTUNITY IS AT HAND TO ENCOURAGE HIM IN THIS
VIEW.

I. ON HUMAN RIGHTS, GUYANA'S RECORD IS BETTER THAN THAT OF MOST
OF THE OTHER NATIONS OF LATIN AMERICA. THE GOG HAS NO POLITICAL
PRISONERS NOR HAS IT PRACTICED TORTURE, AND ITS OPPOSITION, CHEDDI
JAGAN'S PEOPLE'S PROGRESSIVE PARTY (PPP), SYSTEMATICALLY CRITICIZES
THE GOVT IN PARLIAMENT AND IN THE OPPOSITION PRESS.

J. THE DEVELOPMENTAL JUSTIFICATION FOR THE PENDING LOANS WAS MADE
WHEN THE LOANS WERE BEING PROCESSED. THE REASONS CITED THEN REMAIN
VALID. FOOD PRODUCTION HAS BECOME TOP PRIORITY IN GUYANA. THE
UNPRECEDENTED RAINY SEASON AND NOW A SERIOUS DROUGHT HAVE HURT NORMAL
PRODUCTION OF FOOD, PARTICULARLY RICE; THEREFORE, A HU-
MANITARIAN (CONT"")

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ACTION ARA-06

INFO OCT-01 SS-14 ISO-00 EB-03 OMB-01 TRSE-00 NSC-05

NSCE-00 INR-05 CIAE-00 SP-02 IGA-01 L-01 INRE-00

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O 202000Z SEP 76

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC IMMEDIATE 3414

INFO AMEMBASSY BRIDGETOWN IMMEDIATE

C O N F I D E N T I A L SECTION 3 OF 3 GEORGETOWN 1862

LIMDIS

BRIDGETOWN FOR WILLIAM WHEELER

REF: (A) STATE 223208, (B) GEORGETOWN 1744

DIMENSION IS ADDED TO THE LONGER-TERM DEVELOPMENTAL JUSTIFICATION FOR THE FOOD CROP LOAN. IN THE MIDST OF GUYANA'S FOOD CRISIS, AN ANNOUNCEMENT OF APPROVAL OF THE FOOD CROP LOAN WOULD HAVE A SHARP FAVORABLE POLITICAL AND PROPAGANDA IMPACT FOR THE U.S.

K K. THE IMMEDIATE POLITICAL IMPACT FOR THE MANAGEMENT TRAINING LOAN WOULD BE LESS, BUT OUR PARTICIPATION IN THE TRAINING OF MIDDLE-LEVEL MANAGERS IN THE PUBLIC SERVICE WILL HAVE LONG-TERM SIGNIFICANCE. WE WILL HAVE COMMUNICATION WITH THOSE WE TRAIN. THROUGH THEM WE SHOULD BE ABLE TO REDUCE SUSPICIONS OF THE U.S.

L. ALTHOUGH SOME GOG OFFICIALS APPEAR TO HAVE CONCLUDED THAT NO MORE U.S. ASSISTANCE WILL BE FORTHCOMING, BURNHAM, FOREIGN MINISTER WILLS AND MINISTER OF AGRICULTURE KENNARD AND OTHERS HAVE EXPRESSED, SOMETIMES REPEATEDLY, THEIR INTEREST
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IN OBTAINING THE LOANS. REPORTEDLY MINISTERS WHO DEFEND THE U.S. AGAINST ALLEGATIONS OF "DESTABILIZATION" WERE RIDUCULED BY CERTAIN OF THEIR COLLEAGUES FOR THEIR NAIVETE AND THE U.S. DELAY ON THE LOANS WAS CITED AS EVIDENCE. APPROVAL OF THE LOANS WOULD BOOST THE INFLUENCE AND CREDIBILITY OF THOSE WHO ARE PRO-U.S.

M. DISADVANTAGES OF PROCEEDING WITH THE LOANS
DO NOT APPEAR SIGNIFICANT FROM OUR PERSPECTIVE.
SIGNS THAT GUYANA DESIRES AN IMPROVED RELATIONSHIP
WITH THE U.S. AND HAS MADE IN RECENT MONTHS
NOTICEABLE EFFORTS TO GIVE BETTER PRESS TREATMENT
TO MATTERS AFFECTING THIS MISSION, AND THINGS
AMERICAN IN GENERAL, SHOULD HELP OVERCOME CRITICISM
FROM THE CONGRESS. LINGERING OBJECTIONS SHOULD BE
OUTWEIGHED BY SENTIMENT IN CONGRESS FOR PROGRAMS AIMED
AT HELPING THE POOR. MOREOVER, SOME AID SUPPORTERS
IN THE CONGRESS HAVE OPPOSED THE CURTAILMENT OF
ASSISTANCE BECAUSE OF UN VOTES.

5. CONCLUSION: WE DO NOT CLAIM THAT APPROVAL OF
THESE LOANS WILL, BY THEMSELVES, TRANSFORM WHAT FOR
SEVERAL YEARS HAS BEEN A DETERIORATING RELATIONSHIP.
GUYANA IS A PROMINENT MEMBER OF THE NON-ALIGNED
MOVEMENT AND HAS DECIDED TO CREATE A SOCIALIST
ECONOMY. THESE THINGS WILL NOT BE UNDONE. NOR WILL
THE CUBANS AND THE SOVIETS SLACKEN THEIR EFFORTS TO
DISRUPT U.S.-GUYANESE RELATIONS. BUT THE U.S. IS
FAR FROM "OUT OF THE GAME" IN GUYANA. WE SENSE AN
OPPORTUNITY IS NOW PRESENT TO MOVE U.S.-GUYANESE
RELATIONS OUT OF THE DETERIORATING SPIRAL THAT HAVE
CHARACTERIZED THEM TO A MORE CORDIAL AND
MUTUALLY BENEFICIAL RELATIONSHIP. THE AID LOANS
WOULD BE A STEP TOWARD THIS OBJECTIVE. WE BELIEVE THE U.S.
CAN DEVELOP A RELATIONSHIP IN WHICH IT CAN WORK WITH AND
INCREASE OUR INFLUENCE OVER GUYANA AT THE UN. MOREOVER BY TALKING

CONSTRUCTIVELY WITH GUYANA, WE MIGHT ENCOURAGE OTHER
THIRD WORLD COUNTRIES TO REALIZE THAT, SUS GENERIS,
THEIR RELATIONS WITH THE U.S. NEED NOT BE
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INTELLIGENCE ASSESSMENTS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 20 SEP 1976
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976GEORGE01862
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760355-0323
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760942/aaaabjvg.tel
Line Count: 373
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 7
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 76 STATE 223208, 76 GEORGETOWN 1744
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 JUL 2004 by ShawDG>; APPROVED <08 JUL 2004 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PENDING AID LOANS: COUNTRY TEAM ASSESSMENT
TAGS: EAID, GY, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006